



World Reach Limited
ABN 39010 568 804

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24 February 2016

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4D Half Year Report and Financial Report

The Company encloses its Appendix 4D (Half Year Report) and Half Year Financial Report for the six months ended 31 December 2015, including Financial Statements, Notes to the accounts, Directors Report and Auditors Review Report, for immediate release.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dennis Payne". The signature is written in a cursive style with a large, stylized "P".

Dennis Payne
Company Secretary

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4D
Half Year Report
Half Year ended 31 December 2015

The information contained in this Appendix 4D should be read in conjunction with the most recent Annual Report covering the financial year ending 30 June 2015.

1. Reporting periods

Current reporting period	Half year ended 31 December 2015
Previous corresponding periods	Half year ended 31 December 2014
	Financial year ended 30 June 2015

2. Results for announcement to the market

		\$A	
2.1	Total revenue	Down 21.38%	to \$6,826,537
2.2	Profit (loss) from ordinary activities after tax attributable to members	Up \$12,156 from profit for half year 31 December 2014 of \$252,263	to \$264,420
2.3	Net profit (loss) for the period attributable to members	Up \$12,156 from profit for half year 31 December 2014 of \$252,263	to \$264,420
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
	Previous corresponding period:		
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A	

2.6 EXPLANATION

While Net Profit After Tax was up 5% on the corresponding period in FY2015, it was below budget expectations with revenue decreasing by 21%.

In respect to revenue, in particular:

- The Company completed a major development project in June 2014. Deliveries in the 6 months to 31 December 2014 included substantial pipeline fill, recording total sales revenue of \$2.37m. In the 6 months to 31 December 2015 revenue from this product was \$0.92m, slightly exceeding budget but below the previous year.
- During November and December, industry-wide volatility in the international market for satellite communication products and accessories was observed; and
- The recall from sale by the network operator of one of its satellite handsets, which affected the sale of related Beam Communications docking accessories for a period of 4 months.

Profit was enhanced by interest savings following the elimination of convertible notes, investor loans and bank loans after the capital raising in 2014, plus a near offsetting mixture of foreign exchange movements, amortization of development projects, take up of research and development grants and other one-off events.

3. Net Tangible Assets per security

	31 December 2015 Cents per share	30 June 2015 Cents per share
Net tangible assets per security	13.0400¢	11.8136¢

4. Details of entities over which control has been gained or lost during the period:

4.1 Name of the entity.

N/A

4.2 The date of the gain or loss of control.

N/A

4.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Current period	Previous corresponding Period
N/A	N/A

5. Individual and Total Dividend or Distribution Payments

Dividend or distribution payments:	Amount	Date on which each dividend or distribution is payable	Amount per security of foreign sourced dividend or distribution (if known)
N/A	N/A	N/A	N.A
Total			

6. Dividend or Distribution Reinvestment Plans

N/A

7. Details of associates and joint venture

Name of entity	% Holding	Aggregate Share of profit (losses)		Contribution to net profit	
		Current period	Previous corresponding period	Current period	Previous corresponding period
N/A					

8. Foreign entity accounting standards

N/A

9. Independent review of the financial report

The financial report has been independently reviewed and all matters are adequately stated.

Signed by Chairman:

A handwritten signature in black ink, appearing to read 'Dawson', written in a cursive style.

Name: Mr David Dawson

Date: 24 February 2016

**World Reach Limited
and Controlled Entities**

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2015

**WORLD REACH LIMITED
AND CONTROLLED ENTITIES
ABN 39 010 568 804**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

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DIRECTORS' REPORT

The Directors of World Reach Limited submit herewith the Condensed Consolidated Financial Report of World Reach Limited and controlled entities ('Group') for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Directors:

The names of the Directors of the company during or since the end of the half-year are:

Non-Executive Directors:

Mr Carl Cheung Hung

Mr David Dawson

Mr Simon Wallace

Managing Director:

Mr Michael Ian Capocchi

Review of Operations

The consolidated Group financial results for the half-year ended 31 December 2015 and comparative results for the half-year ended 31 December 2014 are as follows:

	Six months ended 31 Dec 2015	Six months ended 31 Dec 2014
Revenue	6,826,537	8,682,519
Operating expenses	<u>(6,523,043)</u>	<u>(8,259,907)</u>
Operating profit/(loss) before interest and tax	303,494	422,612
Interest (including adjustment to prior year)	(25,944)	(151,703)
Income tax expense	<u>(13,130)</u>	<u>(18,645)</u>
Profit/(loss) for the period	<u>264,420</u>	<u>252,263</u>
	At 31 Dec 2015	At 31 Dec 2014
Financial position / total equity	\$7,305,655	\$4,875,036
Cash and cash equivalents	\$1,705,443	\$1,289,803

While net profit after tax was up 5% on the corresponding period in FY2015, it was below budget expectations with revenue decreasing by 21%. The financial position (balance sheet) improved significantly over the 12 month period to 31 December 2015 mainly from net profit from operations of \$618,622 and recognition of the deferred tax asset of \$1,406,402. Cash generated over the twelve month period amounted to a net \$415,640 inflow, increasing the cash position to \$1,705,443.

In respect to revenue, in particular:

- The Group completed a major development project in June 2014. In the six months to 31 December 2015, revenue from this product was \$0.92m, which slightly exceeded budget but was below the

previous year. Deliveries in the comparative six months to 31 December 2014 resulted in total revenue of \$2.37m including the stocking of the distribution pipeline.

- During November and December, industry-wide volatility in the international market for satellite communication products and accessories was observed resulting in below budget sales in these months; and
- The recall from sale by a network operator of one of its satellite handsets, which affected the sale of related Beam Communications Pty Ltd ('Beam') docking accessories for a period of four months.

Profit was enhanced by interest savings following the elimination of convertible notes, investor loans and bank loans after the capital raising in 2014. The Group currently has no debt and no convertible notes remain on issue.

Amortization of the major development project, to design and produce a product giving wifi smartphone access to global satellite communications, commenced in June 2014. The Group completed the second major order for this product in December 2015 but is now not anticipating deliveries to commence under any subsequent order until FY2017. Following this change to expectations it was decided to extend the minimum life of this product and hence the straight-line amortization period, from 11 months remaining at 1 July 2015 to 23 months remaining, to better match the amortization costs to the expected revenue stream. This reduced the amortization cost in the six months to 31 December 2015 (and will reduce the cost for the remainder of FY2016), as detailed in Note 5 to the financial statements. In a partial offset, the R&D grants received in relation to this product development, being brought to account monthly on a straight-line basis, have been similarly extended to match the same time span, which, as a consequence, reduces the gain to profit in the six months to 31 December 2015 (and will reduce the gain for the remainder of FY2016), as detailed in Note 6 to the financial statements.

A review of the Consolidated Group's revenues in the year to date and the forecast for the remainder of this financial year indicated that several factors, as described above, will impact the Group's overall sales and profit performance. In view of these factors, the Directors considered it prudent that the net profit before tax (NPBT) outlook be adjusted and consequently released a revised profit outlook via the ASX on 28 January 2016. It is now anticipated that the Group's NPBT for the current financial year will be in the range of \$400,000 to \$550,000.

The principal activity of the Group during the half-year ended 31 December 2015 has been the manufacture and global distribution of satellite communication terminals, handheld phone accessories and OEM for the Iridium GO!® wifi device that provides global voice/text/data services for smartphones. To date Beam, a World Reach Limited subsidiary has only developed products to specifically suit the two major global satellite networks of Iridium and Inmarsat. During the last six months Beam has been in development of a new concept satellite terminal for a third network operator, as announced in April 2015. The project is anticipated to continue until late FY2017 and has minimum contracted revenues of US\$3m once sales begin.

In June 2014 the Group received a Government R&D cash grant of \$471,000 related to expenditure in FY2013 and a further \$692,000 in June 2015 re FY2014. Profit will be enhanced on a straight-line basis, as described above and as modified during the period, over 36 months and 24 months for the two receipts respectively. The Group is currently preparing an R&D grant submission for lodgement in April 2016 related to FY2015 although of a much lower magnitude to the prior claims.

The Group has enjoyed a continuing relationship with Season Group ('Season') with Season providing engineering, tool making and testing facilities for new products as well as contract manufacturing for the majority of Beam's products in Guangdong, China. Season also has manufacturing facilities in the USA, Canada, UK, Malaysia and Mexico. Mr Carl Hung, President and CEO of Season Group, was appointed to the board of World Reach Limited in February 2013 and an associated company, SGV1 Holdings Limited, holds a strategic investment of 21.41% in World Reach Limited.

The Group has started the second half of 2016 in line with forecast expectations. As stated above and in the revised profit outlook, the second half of FY2016 is expected to be profitable. Expenditure will continue in FY2016 and in FY2017 on the major project for a third satellite network operator.

Significant changes in the state of affairs

Other than noted above, there have been no significant changes in the consolidated group's state of affairs during the period.

Auditor's Declaration of Independence

The auditor's independence declaration is included in the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the directors.

A handwritten signature in black ink, appearing to read 'Dawson', written in a cursive style.

Mr David Dawson

Chairman

Signed in Melbourne, 24 February 2016

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of World Reach Limited for the half year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "J S Croall".

J S CROALL
Partner

Melbourne, VIC
Dated: 24 February 2016

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Half-year ended	
		31-Dec-15	31-Dec-14
		\$	\$
Revenue		6,826,537	8,682,519
Changes in inventories of raw materials, finished goods and work in progress		767,764	(179,563)
Raw materials, consumables and other costs of sale		(4,086,873)	(4,584,273)
Employee benefits expense		(1,790,246)	(1,348,187)
Amortisation expense		(401,164)	(822,038)
Depreciation expense		(23,760)	(36,322)
Production engineering costs		(88,431)	(451,996)
Finance costs expense		(25,944)	(151,703)
Consultancy and contractor expense		(190,708)	(120,461)
Legal and insurance expense		(73,037)	(81,126)
Accounting, share registry and secretarial expenses		(42,139)	(72,439)
Auditor remuneration expense		(18,747)	(24,207)
Other expenses		<u>(575,702)</u>	<u>(539,296)</u>
Profit before income tax		277,550	270,908
Income tax expense	3	<u>(13,130)</u>	<u>(18,645)</u>
Profit for the half-year		264,420	252,263
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u><u>264,420</u></u>	<u><u>252,263</u></u>
Profit and total comprehensive income are both fully attributable to owners of the Company			
Overall operations			
Basic earnings per share (cents)	2	0.61	0.71
Diluted earnings per share (cents)	2	0.59	0.71

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
 ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2015

	31-Dec-15	30-Jun-15
Note	\$	\$
Current assets		
Cash and cash equivalents	1,705,443	3,129,286
Inventories	4,287,622	3,519,858
Trade and other receivables	4 1,558,772	2,526,124
Total current assets	7,551,837	9,175,268
Non-current assets		
Plant and equipment	157,525	93,435
Deferred tax assets	1,406,402	1,406,402
Intangible assets	5 1,675,830	1,752,419
Total non-current assets	3,239,757	3,252,256
Total assets	10,791,594	12,427,524
Current liabilities		
Trade and other payables	6 2,617,675	4,101,583
Other financial liabilities	7 -	585,937
Short-term provisions	849,374	867,644
Total current liabilities	3,467,049	5,555,164
Non-current liabilities		
Long-term provisions	18,890	19,590
Total non-current liabilities	18,890	19,590
Total liabilities	3,485,939	5,574,754
Net assets	7,305,655	6,852,770
Equity		
Issued capital	8 5,784,925	5,784,925
Reserves	493,161	304,696
Retained earnings	1,027,569	763,149
Total equity	7,305,655	6,852,770

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued capital	Reserves	Retained earnings (Accumulated losses)	Total equity
	\$	\$	\$	\$
Balance at 1 July 2014	1,769,355	697,630	(1,654,710)	812,276
Total comprehensive profit attributable to owners of the Company	-	-	252,263	252,263
Transactions with owners in their capacity as owners				
- Shares issued, net of transaction costs	2,340,570	-	-	2,340,570
- Convertible notes converted to shares	1,675,000	-	-	1,675,000
- Convertible note options lapsed/redeemed	-	(558,579)	341,318	(217,262)
- Remuneration based option payments	-	12,189	-	12,189
- Adjustment for employee share options lapsed	-	(61,750)	61,750	-
Balance at 31 December 2014	5,784,925	89,490	(999,379)	4,875,036
Balance at 1 July 2015	5,784,925	304,696	763,149	6,852,770
Total comprehensive profit attributable to owners of the Company	-	-	264,420	264,420
Transactions with owners in their capacity as owners				
- Remuneration based option payments	-	188,465	-	188,465
Balance at 31 December 2015	5,784,925	493,161	1,027,569	7,305,655

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year ended	
	31-Dec-15	31-Dec-14
	\$	\$
Cash flow from operating activities		
Receipts from customers	7,369,966	9,292,621
Payments to suppliers and employees	(7,930,981)	(8,565,143)
Interest and finance charges paid	(25,944)	(76,392)
Income tax paid	(13,130)	(38,712)
Interest received	534	702
Net cash provided by / (used in) operating activities	(599,555)	613,076
Cash flow from investing activities		
Development costs capitalised	(324,575)	(350,121)
Purchases of plant and equipment	(87,851)	(7,738)
Net cash used in investing activities	(412,426)	(357,859)
Cash flow from financing activities		
Net cash proceeds on share placement / rights issues	-	2,340,570
Net loan repayments	(411,862)	(760,577)
Net payments - convertible notes	-	(500,000)
Net cash provided by / (used in) financing activities	(411,862)	1,079,994
Net increase / (decrease) in cash and cash equivalents	(1,423,843)	1,335,211
Cash and cash equivalents at beginning of half-year	3,129,286	(45,408)
Cash and cash equivalents at end of half-year	1,705,443	1,289,803

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of World Reach Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year.

(b) Accounting policies

The accounting policies applied in preparing these condensed consolidated financial statements for the half-year ended 31 December 2015 are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2015.

(c) Going concern

The Financial Report has been prepared on a going concern basis which assumes that the Group will continue as a going concern and would have sufficient positive cash flows to meet its financial obligations, realise its assets and extinguish its liabilities in the normal course of business.

	31-Dec-15	30-Jun-15
	\$	\$
Revenue	6,826,537	16,967,356
EBITDA	728,418	2,572,162
Profit for the year before tax	277,550	644,934
Cash generated by / (used in) operating activities & investing activities	(1,011,981)	2,094,701
Net assets	7,305,655	6,852,770
Net current assets	4,084,788	3,620,104

The Group is confident of its future outlook with profitable trading experienced into the third year in succession, achieving \$1,361,933 in net profits before tax over the last 30 months, and substantial improvement in the Group's balance sheet position over that time, notwithstanding major cash investment in working capital and development activities.

2 Earnings per share

Overall operations

	Half-year ended	
	31-Dec-15	31-Dec-14
	cents	cents
Basic earnings per share	0.61	0.71
Diluted earnings per share	0.59	0.71
	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	43,173,452	35,303,498
Weighted average number of dilutive options on issue at end of half-year	1,950,158	1,720,833
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Diluted Earnings per share	<u>45,123,610</u>	<u>37,024,331</u>
Anti-dilutive options on issue not used in dilutive EPS calculation due to the average market price being less than the exercisable price.	735,000	1,720,833

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31-Dec-15 \$	30-Jun-15 \$
3 Income tax		
Income tax expense	13,130	(1,367,933)

Income tax expense relates to the payment of income tax by the company's wholly owned subsidiary, Beam Communications USA Inc, a company incorporated in the USA. Profits earned in the USA are not offset by the tax losses available to the Australian operations, which were disclosed in the most recent annual financial report as at 30 June 2015.

4 Trade and other receivables

(a) Current

Trade receivables	1,192,732	2,286,754
Provision for doubtful debts	(58,420)	(58,420)
Other receivables and prepayments	321,737	206,671
Rental security deposit	102,723	91,119
	<u>1,558,772</u>	<u>2,526,124</u>

(b) Ageing reconciliation

	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
30-Jun-15						
<u>Current</u>						
Trade receivables	2,286,754	1,911,861	221,648	66,385	28,439	58,421
Other receivables	206,671	206,671	-	-	-	-
Rental security deposit	91,119	91,119	-	-	-	-
	<u>2,584,544</u>	<u>2,209,651</u>	<u>221,648</u>	<u>66,385</u>	<u>28,439</u>	<u>58,421</u>
31-Dec-15						
<u>Current</u>						
Trade receivables	1,192,732	930,705	162,854	12,647	28,062	58,464
Other receivables	321,737	321,737	-	-	-	-
Rental security deposit	102,723	102,723	-	-	-	-
	<u>1,617,192</u>	<u>1,355,165</u>	<u>162,854</u>	<u>12,647</u>	<u>28,062</u>	<u>58,464</u>

All trade receivables past due terms but not impaired are expected to be received in the normal course of business.

5 Intangible assets

(a) Development costs capitalised

	31-Dec-15 \$	30-Jun-15 \$
Cost	6,620,922	6,296,347
Accumulated amortisation and impairment	(4,945,092)	(4,543,928)
	<u>1,675,830</u>	<u>1,752,419</u>

(b) Movements in development costs capitalised

Balance at the beginning of period	1,752,419	2,913,033
Additional costs capitalised	324,575	516,630
Amortisation expense	(401,164)	(1,677,244)
Balance at the end of period	<u>1,675,830</u>	<u>1,752,419</u>

Due to a deferred product implementation programme, an assessment of the effective life of the development cost intangible asset has been revised at 1 July 2015 from a total effective life of 24 months with 11 months remaining to a 36 month life with 23 months remaining at that date. Accordingly, the amortisation charge against profit has been reduced in the period to 31 December 2015 to \$401,164. Had this revision not occurred the amortisation charge would have been \$745,034.

When taking into account the effect of the corresponding revision in the time over which the related R&D grant income is brought to account as detailed in Note 6, there is a net increase in profit of \$90,867 for the period to 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31-Dec-15 \$	30-Jun-15 \$
6 Trade and other payables		
(a) Current		
Trade creditors	708,328	1,383,939
Deferred income	1,289,036	1,785,158
Accrued expenses	494,756	743,134
Other payables	125,555	189,352
	<u>2,617,675</u>	<u>4,101,583</u>

Due to the deferral of Development Cost Intangible Asset amortisation as indicated in Note 5, the related deferred R&D grant income has been brought to account over the amended amortisation period resulting in \$231,920 of R&D grant income being recognised in the statement of profit & loss for the period ending 31 December 2015. Had no revision of grant income been made \$484,923 of grant income would have been recognised over this period.

7 Other financial liabilities

Current

Secured advances under contract	-	585,937
	<u>-</u>	<u>585,937</u>

Bank Facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Consolidated Group's assets including uncalled capital and called but unpaid capital. At 31 December 2015, the company had the following unused bank facilities:

- an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 31 December 2015.
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 31 December 2015.

Bank guarantee facilities of the Consolidated Group total \$150,000 of which \$100,000 has been allocated to a subsidiary company and \$50,000 to the parent. Both were fully utilised at 31 December 2015.

The Consolidated Group's banking facilities are subject to satisfying quarterly covenants set by the bank. The bank reconfirmed the banking facilities as continuing on 20 August 2015 and since the reconfirmation the Group has satisfied all covenants.

Secured advances under contract

At 30 June 2015 the Company had secured advances under a contract with Inmarsat PLC to develop and manufacture products compatible with the Inmarsat hand held satellite phone. Advances, which were denominated in USD, were secured by a charge over the Intellectual Property developed under the agreement and were non-interest bearing. During the current period to 31 December 2015, the Company repaid and finalised the outstanding loan balance at a figure lower than the outstanding amount.

	31-Dec-15		30-Jun-15	
	Shares	\$	Shares	\$
8 Issued capital				
Issued and paid up capital				
Ordinary shares fully paid	43,173,452	5,784,925	43,173,452	5,784,925
Total issued capital	<u>43,173,452</u>	<u>5,784,925</u>	<u>43,173,452</u>	<u>5,784,925</u>

	Number of shares	\$
Balance at 30 June 2014	14,631,797	1,769,355
- Conversion of convertible notes	6,624,997	950,000
- Renounceable rights issue (net of costs)	16,000,000	2,340,570
- Conversion of convertible notes	5,916,658	725,000
Balance at 30 June 2015	<u>43,173,452</u>	<u>5,784,925</u>
Balance at 31 December 2015	<u>43,173,452</u>	<u>5,784,925</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

9 Segment reporting

Sole operating segment

The Consolidated Group has identified operating segments based upon internal reports that are reviewed and used by the Directors in assessing performance and determining the allocation of resources in respect of its satellite communications products services and online sales. The company considers its aggregate segment as its sole segment and accordingly, revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for this aggregated sole operating segment. The consolidated statement of financial position also discloses the sole operating segment assets and liabilities which are held within Australia.

10 Events after the End of the Interim Period

The Directors are not aware of any significant events since the end of the interim period.

DIRECTORS' DECLARATION

The directors of World Reach Limited declare that:

1. the financial statements and notes as set out in pages 6 to 13 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
 - (b) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the period ended on that date of the company and consolidated group;
 - (c) the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
 - (d) any other matters that are prescribed by the regulations for the purposes of this declaration in relation to the financial statements and the notes for the financial year are also satisfied.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the half year ending 31 December 2015.

This declaration is made in accordance with a resolution of the Board of Directors on 24 February 2016.



Mr David Dawson
Chairman

Signed in Melbourne, 24 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
WORLD REACH LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of World Reach Limited which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of World Reach Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of World Reach Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of World Reach Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



J S CROALL
Partner

Melbourne, VIC
Dated: 24 February 2016